



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Stephen Moore, IRS CI (313) 234-2410

April 25, 2006

EVENT: Guilty Plea

Defendant: Brian Cox

PLYMOUTH ACCOUNTANT PLEADS GUILTY IN TAX FRAUD SCHEME

The owner of CFO Solutions, Inc., of Plymouth, Michigan, pleaded guilty to an indictment charging him with 42 counts of filling false claims and 11 counts of preparing false tax documents, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Special Agent in Charge Maurice Aouate, Internal Revenue Service, Criminal Investigation Division.

Pleading guilty was Brian Cox, age 48, of Downers Grove, Illinois, formerly of Salem Township, Michigan. Judge Arthur J. Tarnow scheduled sentencing for July 26, 2006 at 2:00 p.m.

The information at the plea hearing showed that Cox targeted small business owners who were involved in tax disputes with the IRS. Cox approached the owners and officers of these companies who had tax liens or were participating in a repayment plan with the IRS and offered the ability to reduce or eliminate their company tax obligations and get a tax refund. Cox told the small businesses owners that he could "reclassify" the wages and income paid to

them as the repayment of loans, thereby eliminating the companies' tax obligations to the IRS. Cox assured the owners and officers that his plan was legal, which it was not, and usually charged between \$2,000 and \$7,000 for his services.

According to the indictment, Cox, an accountant and tax preparer, devised a scheme to defraud the Internal Revenue Service by preparing and filing false and fictitious tax documents which indicated that previously filed tax records were incorrect, and that tax refunds were now due, when in fact no refund was due. In some cases, Cox had the owners sign tax forms in blank and later added false figure and statements revising the company's true and correct financial condition. Some of the false information included reclassifying wages and income as the repayment of owner/officer loans and statements that prior reported funds were made in error.

From November 2000 through April 2001, Cox filed false claims for tax refunds totaling over \$195,000 for various small business owners.

U.S. Attorney Murphy stated that, "Our tax laws depend upon the voluntary compliance of our citizens and the honesty and integrity of tax preparers. When a tax preparer engages in a scheme to defraud the IRS, he cheats not only the public and the government, but also the tax payer client. We take tax fraud seriously in this district. This prosecution demonstrates my office's continuing efforts to enforce tax laws that were set up for the good of all and to deter those who would subvert them."

Aouate warns taxpayers, "There are always people who target and take advantage of individuals in a venerable position. Don't compound your tax problems by buying into a too good to be true solution, because no matter who prepares your tax forms, you are ultimately responsible for the financial burden left behind."

A conviction of filling false claims carries a maximum penalty of 5 years imprisonment and a \$250,000 fine for each count. A conviction of preparing false tax documents carries a maximum penalty of three years imprisonment and a \$250,000 fine for each count.

The case was investigated by special agents of the IRS Criminal Investigation Division. The case is being prosecuted by Assistant United States Attorney Christopher Varner.